

**Minutes**  
**Achieving Operating Efficiencies Work Group**  
**Board of Regents of the University of Wisconsin System**  
**March 4, 2004**

The Achieving Operating Efficiencies Work Group meeting convened at 10:07 a.m. in room 216, Friedrich Center, UW-Madison. Work group members present were Regent Mark Bradley (chair), Regent Nino Amato, Vice President Debbie Durcan, Provost Liz Hitch (for Chancellor Douglas Hastad), Academic Staff Representative Therese Kennedy, Chancellor Jack Miller, Faculty Representative Lisa Seale, Regent Emeritus Jay Smith, Vice Chancellor Andrew Soll, Chancellor Charles Sorensen, and Director of Operations Review and Audit Ron Yates. Not present were Student Representative Alan Halfen and Regent Jose Olivieri. Others present included Associate Vice President Frank Goldberg; Assistant Vice President Nancy Ives and Jim Albers, Office of Capital Planning and Budget; United Council President Jeff Pertl; and Assistant Director of Operations Review and Audit Jane Radue.

After calling the meeting to order, Regent Bradley asked for a motion to approve the minutes from the January 7, 2004 and February 5, 2004 work group meetings. Chancellor Sorensen made the motion to approve the minutes, Faculty Representative Seale seconded the motion, and the group approved the motion.

Capacity of UW Institutions

Regent Bradley called upon Associate Vice President Frank Goldberg to provide an overview of the issue of the UW System's capacity to serve more students. (The work group had previously expressed interest in this topic, and the meeting materials included discussion papers from the Office of Operations Review and Audit on student support services capacity and faculty workload.) Associate Vice President Goldberg described capacity as a function of three main factors: human resources, instruction-delivery practices, and the role or mission of the institution. Human resources – such as faculty, instructional academic staff, and support staff – are not easily moved between disciplines; therefore, increasing the instructional component, if not balanced by increases in other components, such as support staff, will lead to an imbalance in these resources. The way in which instruction is delivered – face-to-face, through distance education, or through a combination of face-to-face and distance education – also helps to determine capacity. Finally, the mission of an institution determines its capacity; considerations include the student population and level of student preparation, the type and distinctiveness of programs, and the region the institution serves.

Associate Vice President Goldberg then discussed three constraints on capacity: physical facilities, technology, and student services. The number and quality of buildings, as well as whether classrooms match the institution's needs, determine physical capacity. Technological capacity is determined by the availability of equipment and infrastructure. Also, both the depth and breadth of the student services an institution provides can affect capacity. Associate Vice President Goldberg noted that with fixed resources, if an institution attempts to manipulate any one of the factors affecting capacity, the constraints still impose limits. He concluded that the

real opportunities for increasing capacity are in the kind of transformational change that Dr. Guskin described, rather than in marginal change.

### Transformational Change

Chancellor Sorensen mentioned that Phoenix University uses a hybrid (on-line and face-to-face) approach to education and is bringing this approach to the Twin Cities. The university has determined it is cost effective and has proven there is a market, one that the UW is not addressing. Regent Bradley questioned whether the blended model Phoenix University is using is the kind of transformational change discussed last month. Vice Chancellor Soll responded that it is not, saying Phoenix is still a credit-based program; external accreditation requires this and is another constraint. Provost Hitch noted that Phoenix also selects only certain programs to offer through this approach.

With respect to transformational change, Chancellor Sorensen indicated he believes it is necessary to commit to change as an institution, rather than having a few pilots here and there, or there will be pockets of resistance. Chancellor Miller stated that there is a massive amount of investment in the current buildings and staffing; this large investment can make it difficult to think about doing things differently.

Regent Emeritus Smith suggested that when creating a vision for the future, it is necessary to start from scratch. After identifying the System's costs, the starting point for a new model would be to determine what "the student" needs. Then the ancillary needs (research, etc.) could be calculated. Regent Emeritus Smith noted that there is not a good vehicle for taking things out of the System once they have been put in. He listed some of the areas in which the group has been developing recommendations – the building process, cash management, procurement – and noted that these are old themes that have been discussed for many years. With respect to other recommendations, he said that collaboration is on-going, and vision/mission review are core. Program review is a process that should be reviewed, along with other processes. He suggested it is important to analyze existing processes to determine whether the processes are meeting their goals. He suggested that the work group could do more to challenge the current system.

Regent Bradley noted that the group could have suggested overhauling the whole system but, rather, has opted to support the development of small groups that would have resources with which to experiment and find approaches that work.

Chancellor Sorensen noted that UW-Stout has been involved in an institution-wide planning process since the late 1990s. The process involved starting with core values for the campus, establishing a mission and goals for the next ten years, and identifying a series of objectives. Reviewing processes was also included. UW-Stout is not yet where it needs to be, but is in the process of making change.

Regent Amato agreed with Regent Emeritus Smith about the importance of starting with the student and building a model from scratch without being encumbered by the current system. He noted that this is the approach that would be needed to make substantial change. Regent

Emeritus Smith suggested that it is important to ask whether the UW System is positioned for the future. Provost Hitch noted that starting with the student is not a single consideration; it is necessary to look at the whole array of students.

Chancellor Sorensen observed that understanding for-profit institutions and other external factors is important, because these are significant forces. Regent Amato said that part of a good strategic planning process is doing an environmental scan and understanding, and then testing, people's perceptions and assumptions.

Regent Bradley, referring to the draft recommendations, noted that the group has at this point developed the bigger-ticket, shorter-term "marginal" items. Despite the preceding discussion about strategic planning, the group has not suggested that these items be discarded. Regent Bradley asked what recommendation the group would like to make with respect to transformational change.

Chancellor Sorensen and Regent Emeritus Smith suggested that the Regents and UW System could put together a powerful task force on strategic planning, bringing in an expert (preferably someone in-state) to lead the task force through an in-depth process, with a plan to be delivered in six to twelve months. The task force would be composed of UW System stakeholders, from both inside and outside the System.

Faculty Representative Seale posed a question about how such a recommendation might fit into the System integrated planning process. Vice President Durcan briefly described this process: In light of the new chancellors in the System and the budget crisis, President Lyall appointed a group from around the System to step back and look at how missions, physical capacity, and other factors fit with the alignment of resources. Vice Chancellor Soll added that the issue of enrollment management also provided an impetus for this process.

Vice Chancellor Soll expressed support for the strategic planning discussion. The group had begun discussing this in the fall, but there was pressure to develop budget issues instead. He noted that there are multiple processes, and the integrated planning process might fit within the overall strategic planning process. Chancellor Miller commented that the integrated planning group will consider the constraints of enrollment and resources but is unlikely to take a start-from-scratch, throw-out-the-rules approach.

To implement this start-from-scratch kind of approach, Chancellor Miller suggested the group recommend that the Board of Regents entertain an RFP process through which any individual campus could present an experimental design that would be open in all respects. A possible focus for such an experiment could be competencies, rather than credit hours; or the focus could be on instructional delivery or on changing the nature of faculty to non-tenured.

Chancellor Sorensen remarked that the experiment needs to involve not just a campus but, rather, the entire UW System as we know it. His idea of the experiment is to re-think how higher education is delivered in Wisconsin. Chancellor Miller responded that looking at a smaller unit of the System might be a way to begin; he said he couldn't imagine the System agreeing to any one approach, such as competency-based education. Chancellor Sorensen

clarified that he was thinking the “structure” of the System should be examined; for example, is it efficient to have a UW-Extension with its own chancellor. Chancellor Miller commented that the two suggestions are different, but both are acceptable. Some narrow efficiency areas have been brought up repeatedly; to effect real change, someone (e.g., the Board of Regents) will have to champion the idea of trying something different.

Regent Bradley asked what the group’s recommendation would be. Regent Emeritus Smith suggested that the issue is a System issue, and campuses are part of that; Chancellor Miller’s suggestion could be part of the overall process. The recommendation is that the Board of Regents should develop a long-term strategic plan that will position the UW System for the future. Relevant planning questions are: Is the System functioning as it should be; is the System positioned for the future; is the System functioning consistent with a long-term strategic plan, which currently does not exist. Stakeholders must be included; the process must be in-depth; and the outcome should be a vision and long-term plan for the UW System.

Regent Bradley asked whether the theme is efficiencies, and Regent Emeritus Smith said that it is. Regent Emeritus Smith noted, further, that the UW System could ask the state for the money to do this strategic planning. Regent Amato suggested that questions about why Wisconsin comes up short compared to Minnesota have been coming up in the Legislature; Minnesota took the dramatic step of consolidating its university and technical college systems. The discussion concluded with the decision that Operations Review and Audit staff will draft a strategic planning recommendation for the group to consider.

### UW System Access

Regent Bradley asked Director Yates to describe three access-related discussion papers: General Education Requirements, Options for High School Students to Earn College Credits, and Distance Education:

1. *General Education Requirements* are a foundation for more specialized disciplines; they include basic skills or competencies, such as writing, speaking and quantification, and knowledge domains, such as natural, social and behavioral sciences and arts. The minimum number of general education requirements at UW institutions varies. UW System policy requires institutions to review their general education requirements every ten years, in conjunction with North Central Association accreditation reviews. The System has been involved in looking at general education requirements and transfer of credits; an April 2000 policy includes provisions to facilitate the transfer of general education requirements. Also, UW-River Falls is using the national Course Applicability System to help transfer students evaluate how transfer credits will apply toward their general education and major requirements.

While stressing that what works in other states will not necessarily work here, Director Yates briefly mentioned the University System of Georgia’s principles for core curricula, as well as efforts in Illinois, Maryland and Minnesota to facilitate the transfer of general education credits. Studies appear to recognize that a systemwide core curriculum is not the answer to transfer problems, because general education requirements must fit the mission of each

institution. However, continued monitoring of transfer efforts in other systems could yield additional ideas for consideration in the UW System.

2. *Options for high school students to earn college credits* fall into three categories – credit by examination, including Advanced Placement (AP); dual or concurrent enrollment, including Youth Options and College Credit in High Schools; and retroactive credits, often awarded for foreign language or math:

- a. Wisconsin ranks among the top for AP participation rates among high schools and high school students in 12 midwestern states. During the 2001-02 academic year alone, 11 UW institutions reported granting 5,200 students more than 40,000 credits for AP exams.
- b. Youth Options allows high school students to take on-campus college courses for high school or college credits; student participation in the Youth Options program peaked at 8,090 in 2001-02. The Governor recently signed a law that will limit the number of credits per student to 18; tuition for Youth Options is paid by school districts, so this has been a financial burden to them. Through College Credit in High Schools, students earn college credits for attending certain high school courses; four UW institutions have offered such courses continuously between 1997-98 and 2001-02.
- c. Retroactive credits are granted to entering freshmen for high school coursework, once the students receive certain required grades in the first-semester college course in the sequence. Ten UW institutions reported granting almost 34,000 credits for the 2001-02 academic year.

Based on data from selected UW institutions, the minimum total savings to students during 2001-02 was \$5.9 million under AP and \$4.5 million from foreign language or math retroactive credits.

3. *Distance education*, generally speaking, is instruction that takes place by means of telecommunication. The UW System either operates or is a significant contributing partner in several distance education networks, including the WisLine dial-in audioconferencing system that UW-Extension manages, regional videoconference networks, and Wisconsin Public Television. UW Learning Innovations, the UW-Extension Distance Education Clearinghouse, and the UW System Learning Technology Development Council are among the entities that work to enhance distance education programming. In the past seven years, the number of UW distance education courses and enrollment in these courses have increased four- and five-fold. While distance education has many uses, there is little doubt that it offers the potential to increase enrollment at UW institutions. To determine how much it could increase capacity, a thorough assessment of current technical and instructional capacities, as well as the various ways the UW institutions use distance education, would be needed.

### Work Group Recommendations

Regent Bradley initiated a discussion of the expanded recommendations from the February 5, 2004 meeting. He noted that the capital building program (#1), procurement (#2), and cash management (#3) recommendations probably did not require further discussion at this time. There were no comments on collaboration (#4). Regent Bradley suggested that the academic program review recommendation (#6) could be addressed as part of the strategic

planning recommendation. After a brief discussion, the group agreed that the UW System vision and mission review process (#5) would also be addressed as part of the strategic planning recommendation.

The discussion moved on to the additional draft recommendations, which were being discussed for the first time at this meeting. Regarding the educational quality investment fund (additional-#1), Vice Chancellor Soll expressed concern that the recommendation is tied to new funding and asked whether reallocated funds could be used.

The resident undergraduate tuition authority recommendation (additional-#2) seeks authority for the Board of Regents to set undergraduate resident tuition. Vice President Durcan explained that the Board has the authority to set all tuition except resident undergraduate, which represents the majority of tuition revenue. Also, she noted that the recommendation should seek authority for the Board to set undergraduate and graduate application fees (currently \$35 and \$45, respectively) without needing a statutory change. Vice Chancellor Soll said that he supports the Board's having the authority to set undergraduate tuition, but the draft needs to provide more support for why this is a good idea; other group members agreed. United Council President Jeff Pertl added that the United Council has opposed the Board of Regents' having this authority, adding that the reason to have the authority would be to increase tuition. Regent Bradley suggested that the recommendation be redrafted with an expanded rationale.

During the discussion of the real-estate proceeds recommendation (additional-#3), Assistant Vice President Ives noted that the law was changed last year, and proceeds from the sale of state buildings or land now go into the state's budget stabilization fund; the UW can no longer request to receive half of the proceeds back. The recommendation needs to be changed to reflect this. In response to a question about how real estate comes to be given directly to UW institutions, rather than to the foundations, Vice President Durcan explained that real estate is sometimes donated as part of an estate and not as a planned gift. Regent Emeritus Smith commented that current law may be a barrier to such gifts, and the recommendation that the UW retain the proceeds could enhance giving.

Vice President Durcan explained that the program revenue position authority recommendation (additional-#4) would allow the UW to create positions for programs that are not 100-percent tuition funded. This would avoid the difficulty of dividing out tuition revenues and would allow the UW to manage its resources more seamlessly. Regent Bradley asked how big an issue this is. Vice Chancellor Soll noted that positions are an important issue. This recommendation seeks authority to create positions for general operations. Regent Emeritus Smith commented that the funding is available, but it can't be used to serve students; this could be used to make the case. Vice President Durcan noted that more detail would be needed before discussing this recommendation with DOA or legislators.

Director Yates asked whether there would be any new recommendations related to the access issues discussed earlier. Regent Bradley noted that since Regent Gottschalk had initially raised these issues, Regent Bradley would discuss them with him and make an assessment of their priority relative to other issues.

After a brief discussion of the overall Charting a New Course report-writing process, Regent Bradley said that the purposes of the April meeting would be to develop the strategic-planning discussion and to review the work group's final recommendations.

The meeting adjourned at 12:28 p.m.